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Government Ownership of Railroads

FOUR reasons in its favor and four reasons against; and a reminder that Government administration does not show the same economy and efficiency as a private company

By **SIR THOMAS SHAUGHNESSY, K.C.V.O.**

(Being the substance of an interview in The Outlook)

I WAS never able to see any principle of fundamental democracy involved in government ownership. When people say, as some do, that it is a priori essential to democracy that the government own and run the railroads, I merely ask, Why? To me the question is one of pure expediency. Will government ownership give all-round better service and give it cheaper or as cheap? To my mind the answer to that question settles the matter. I do not see that any principle of democracy is at stake, one way or the other.

Another thing must be kept in mind. That government ownership or private ownership works well in one country gives no assurance that it will work well in another. The success of government ownership in Prussia, for instance, or Switzerland, does not guarantee its success in Brazil. Private ownership may succeed in England and fail in Spain, Italy, Canada and the United States. There is no forecasting these things. The human element enters into them too largely. When I see writers assume that a national practice or policy may be taken over indiscriminately and without regard to the character and temperament and background of the history out of which it grew, they seem to me to be making a hasty generalization. We can always learn from other nations, no doubt, but the point is to make sure not only that their policies work, but that they will work for us. The commercial habits and practices of the English, for instance, will not work in the Argentine. Even in so small a matter as handling street traffic, a system that works admirably in London will not work in Paris. The minute regulation of personal life that seems to satisfy Berlin or Hamburg would raise an insurrection in Naples or Turin. Here, as always, the thing seems to be to keep the golden mean between conservatism and radicalism—between too much stiffness in refusing a new policy and too great haste to take it on without determining whether it will precisely fit us.

First, a government does not move in the railway development of a new district with anything like the promptness and enterprise shown by a private concern. I am not saying that it cannot, but only that it does not; and this is a point seriously to be taken into account by

any country that is not fully developed. I see you have been for some time talking about a government railway for Alaska, and the necessary bill is before your congress; well, now, I venture to say that you will be much longer actually getting that railway than if a private company had the project in hand.

I am not criticizing your congress—there is a sound moral reason why it should be so. After all, if your government is conscientious, ought it to risk any considerable amount of public money on anything as largely speculative as a railway venture in a new country? It is a grave question, especially when one realizes what few except practical railway men apparently ever stop to think of it—namely, the enormous amount of money that always has to be spent on a railway before you can get a going concern.

All the items of expense that you can see—permanent way, equipment, rolling stock, etc.—these are but a small part of the initial cost of a railway. It is all very well for a man like your late Mr. Rogers, for instance, who has money or can interest his friends, to risk his faith for the initial cost of a venture like his Virginian railway. If they lose, they lose; it is their own money that they are experimenting with. But the government is not experimenting with its own money; hence it must reckon closer with the elements of chance and speculation, and satisfy more people about the value of the project; and all this takes time.

In the second place, government administration does not show the same economy and efficiency as a private company. A dollar goes further with a corporation than with a government. Again, I am not saying that it must be so, but only that it is so. I am aware that these two objections are only an echo of the old complaint that "democracy is inefficient," and obviously the answer is for some democratic system of government like yours to come forward and be efficient. If you vote upon government ownership, I hope you will do that.

I hope you will show us the most enterprising, economical, and best-managed railways in the world; and then I will be the first to congratulate you and take back everything I have said. But this will not happen until all